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SUBJECT: MALI'S ANTI-CORRUPTION AUDITOR HAS AUDIT PROBLEMS
OF HIS OWN

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BAMAKO 00000943 001.3 OF 003

Classified By: Political Officer Aaron Sampson, Embassy Bamako, for reasons 1.4 (b) and (d).

1.(C) Summary: On November 24 the Malian newspaper l'Aube reported that the Supreme Court's accounting section had discovered financial irregularities within the Office of the Auditor General (OAG) during a routine three-year audit. Created by President Amadou Toumani Toure in 2004, the OAG is Mali's only independent anti-corruption body and the centerpiece of Mali's anti-corruption program. A former OAG staff member subsequently confirmed reports of an investigation and indicated that the most serious infractions uncovered by the Supreme Court had yet to reach local media. On November 28 Diarra told the Embassy that "serious problems with his staff" would prevent him from participating in the voluntary visitor program, scheduled for mid-December, organized in conjunction with the U.S. General Accounting Office. Diarra said he regarded the Supreme Court's audit as an orchestrated attempt to undermine him and OAG. We have no proof indicating that the Supreme Court's regularly scheduled audit is part of a concerted effort to weaken Diarra. However, Mali has a history of creating new anti-corruption institutions every 4 or 5 years and the Auditor General's troubles coincide with a government sponsored nation-wide anti-corruption forum that produced 97 recommendations including the creation of a new anti-corruption institution. End Summary.

A General Audit of the Auditor General

2.(U) The local newspaper l'Aube reported on November 24 that Mali's Supreme Court had audited the finances of OAG, Mali's only independent anti-corruption institution. The l'Aube report followed a November 7 report run by another local newspaper, le Sphinx, alleging serious financial irregularities within the OAG. The Director of the Supreme Court's accounting section, Ouena Baba Niara, told the l'Aube the audit was part of the accounting section's normal duties as mandated under Mali's public accounting laws. The Supreme Court's audit of the OAG's budgets covered a three year period, from 2004 to 2006. The OAG's annual budget is 3 billion CFA or approximately USD 6 million. According to l'Aube, Auditor General Diarra first refused to participate in the audit, then threatened to resign, then yielded to investigators.

3.(U) Since his appointment as Mali's only independent anti-corruption investigator in 2004, Diarra has interpreted his mandate broadly to include both Mali's public and private sectors. This triggered some consternation, particularly among private sector economic operators who evidently would

have preferred to keep their accounting practices to themselves. The OAG's first report was issued in June 2007 and covered a four year period, from 2002 to 2006. This report documented cases of fraud and mismanagement totaling 103 billion CFA (approximately USD 206 million). Diarra's report attributed more than 70 percent of this amount to tax evasion perpetrated by private sector fuel importation enterprises and fraudulent practices of the customs officers responsible for overseeing fuel imports. Other prime offenders included the Office du Niger; the Ministries of Health, Education, and Mines; and several smaller government agencies and programs. The OAG's most recent report, issued in July 2008, identified approximately USD 40 million in lost revenue due to fraud and mismanagement, mostly within Mali's Customs office which reports to the Ministry of Finance. The OAG's investigations have yet to produce any criminal prosecutions.

Ex-AG Official: Internal Problems Abound

4.(C) On November 24 a former senior member of the OAG confirmed that the audit occurred and had uncovered less than flattering details about the OAG's internal accounting procedures. According to Adam Thiam, the Supreme Court began auditing the AG in December 2007 as part of a mandatory three year review process. Thiam said the OAG learned of the Court's findings approximately two months ago.

5.(C) Thiam said the Supreme Court identified five areas of concern, including: (1) abuse of power by Diarra, who failed to submit OAG financial accounts to the Supreme Court as required by Mali's public accounting procedures; (2) unjustified expenses including air-conditioning units, televisions, and furniture purchased for office use but installed in Diarra's residence; (3) Diarra's private use of

BAMAKO 00000943 002.3 OF 003

fuel coupons intended for official purposes; (4) the recruitment of a foreign firm, charged with hiring OAG staff, that did not follow normal procurement procedures; (5) and misuse of per diem and business class travel while on government business.

6.(C) "I was uncomfortable," said Thiam, "when I saw this report because, in fact, it is all true. I read the report and, to tell the truth, I was not very proud." Thiam went on to say that the irregularities were not due to any calculated attempted at self-aggrandizement on Diarra's part. "The Auditor General," said Thiam, "is not like a lot of thieving Ministers. It was an error." Thiam expressed surprise that the Supreme Court's investigation had reached the Malian media, noting that the document was supposedly confidential. "In theory," said Thiam, "we should not have seen this in the press." Thiam hinted at an official leak and observed that le Sphinx was supposedly close to Malian state security officials while the l'Aube often serves as the Malian government's official un-official newspaper.

7.(C) According to Thiam, the audit's most damaging details remain undisclosed. Thiam said that the OAG's first annual report, released in 2007, contained several serious flaws that improperly tarnished the reputation of one apparently innocent senior government official and severely undermined the OAG's credibility with the Ministry of Justice. Specifically, Thiam said the AG's audit of Mali's government run Popular Pharmacy (PPM) contained a mathematical error totaling 300 million CFA (USD 600,000) which was never corrected, although the OAG realized it was an error. The mistake resulted in the PPM's director being called before judicial authorities. Thiam said a second error led the OAG to accuse Malian tax authorities of failing to collect 38 billion CFA (USD 76 million) in tax receipts from private importers of petroleum products. This allegation formed one of the centerpieces of the OAG's 2006-2007 report. Thiam

said the law that would have enabled Mali to recoup 38 billion CFA in tax receipts was never on the books and, as a result, the entire allegation was unfounded. Thiam also ticked off several other serious, yet still un-corrected errors, in the OAG's previous reports.

8.(C) Thiam attributed these failures to poor methodology and a general lack of vision within the OAG. "The Auditor General's Office," said Thiam, "is expensive. The annual budget is 3 billion CFA. The Auditor General must be unassailable, beyond reproach." But, Thiam continued, a series of flawed reports due to methodological shortcomings, combined with Diarra's failure to correct the record or hold anyone accountable, tarnished the credibility of the office and ultimately led to Thiam's departure. "Because of this," said Thiam, "the Justice Ministry thinks all of our reports are bad, and this is not just because the judiciary is completely corrupt."

9.(C) Despite his evident disagreements with Diarra, Thiam feels positively about his former boss. He repeatedly stressed that the irregularities revealed by the Supreme Court's investigation were the product of Diarra's honest mistakes, not deliberate attempts to divert public resources for personal gain. Thiam said he has encouraged Diarra to hold a press conference and issue a public mea culpa, but expects that Diarra will eventually resign.

AG: Situation is "Critical"

10.(C) On November 28 Diarra visited the Embassy to say that "serious problems" with his staff would prevent him from participating in the voluntary visitor program with the General Accounting Office scheduled for mid-December. Diarra told the Embassy that an attempt was underway to transform the status of 15 members of his staff from independent hires working for the OAG into government employees, thereby undermining the OAG's political independence. Diarra described the situation as "very critical" and hinted that the month of December would decide the future direction of the OAG. Diarra asked if two junior staff members could travel to the U.S. in his place and noted that they represent the institutional memory of the OAG whereas he had only two years left in his role as Mali's Auditor General.

11.(C) Diarra also addressed the audit of the Supreme Court's accounting section. He described the audit as a mission "commanded" by higher authorities within the Malian government. Although Diarra is clearly familiar with the report's findings and rebutted many of the specific allegations relayed to us by Thiam, he said he had yet to receive a final copy and expressed surprise that aspects of the audit had been leaked to the local media. Diarra said he

BAMAKO 00000943 003.3 OF 003

had requested a meeting with the director of the Court's accounting section to register this complaint and also request an opportunity to officially respond to the allegations.

Comment: Undermining the AG

12.(C) The Supreme Court's findings pale in comparison to the egregious cases of corruption uncovered by Diarra and his staff since the OAG's creation in 2004. Yet as Mali's primary anti-corruption fighter, Diarra is held to a standard higher than those he has investigated. There is no proof indicating that the Supreme Court's regularly scheduled audit is part of a concerted effort, or vendetta, to undermine Diarra and the OAG. An official with the Canadian government, which has provided more than 4.5 million Canadian dollars as the OAG's primary international donor, questioned

the impartiality of the Supreme Court's findings and noted that the Court's accounting section was known for challenging the OAG's *raison d'etre*.

13.(C) The OAG has clearly not lived up to expectations. None of its audits have produced any criminal investigations or prosecutions. This failure, however, is largely attributable not to the OAG but to the Malian judiciary and levels of political will needed to fully pursue corruption allegations. The AG is the most recent in a series of anti-corruption institutions created by the Malian government. Mali created a Judicial Ombudsman in 1997 but did not formally staff this office until 1999. In 2003 President Toure created the Office for Administrative Controls (CASCA) in response to a 2001 World Bank report on corruption in Mali. The CASCA, which reports directly to the presidency, has the authority to investigate any government office and refer specific cases to the judiciary for prosecution. In 2005 Mali used the CASCA to hobble the eventual presidential aspirations of opposition figure and Alpha Oumar Konare's son-in-law, Tiebile Drame, by accusing Drame of misusing government funds during his role as the organizer of the 2005 France-Africa summit in Mali (Ref. A). No charges against Drame were ever filed.

14.(C) It was perhaps not a coincidence that while Diarra was confronted with allegations of mismanagement and an attempt to transform his staff members into government employees, Mali was holding its first nation-wide General State of Corruption forum from November 24-28. Although one would have expected the AG to play a major role in this forum, AG Diarra was asked to do little more than attend the forum's opening and closing ceremonies. The forum produced 97 recommendations. Many of these focused on revising legislation governing the mission and role of Mali's corruption fighting institutions, including the OAG. Hopefully the General State of Corruption process begun this year is a genuine attempt to further curb corruption in Mali and not an attempt to sideline Diarra by creating new, parallel anti-corruption institutions while undermining the administrative independence of the OAG.

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